

Senate File 2295

SENATE FILE _____
BY COMMITTEE ON WAYS AND MEANS
(SUCCESSOR TO SSB 3137)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act allowing individual income tax credits for contributions
2 made to certain school tuition organizations and including an
3 applicability date provision.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 6013SV 80
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1 1 Section 1. NEW SECTION. 422.11J SCHOOL TUITION
1 2 ORGANIZATION TAX CREDIT.
1 3 1. The taxes imposed under this division less the credits
1 4 allowed under sections 422.12 and 422.12B shall be reduced by
1 5 a school tuition organization tax credit equal to seventy-five
1 6 percent of the amount of the voluntary cash contributions made
1 7 by the taxpayer during the tax year to a school tuition
1 8 organization, not to exceed either of the following:
1 9 a. Seven hundred dollars for a single individual.
1 10 b. Eight hundred dollars for a married couple.
1 11 2. To be eligible for this credit, all of the following
1 12 shall apply:
1 13 a. A deduction pursuant to section 170 of the Internal
1 14 Revenue Code for any amount of the contribution is not taken
1 15 for state tax purposes.
1 16 b. The contribution does not designate that any part of
1 17 the contribution be used for the direct benefit of any
1 18 dependent of the taxpayer or any other student designated by
1 19 the taxpayer.
1 20 3. Any credit in excess of the tax liability is not
1 21 refundable but the excess for the tax year may be credited to
1 22 the tax liability for the following five tax years or until
1 23 depleted, whichever is the earlier.
1 24 4. Married taxpayers who file separate returns or file
1 25 separately on a combined return form must determine the tax
1 26 credit under subsection 1, paragraph "b", based upon their
1 27 combined net income and allocate the total credit amount to
1 28 each spouse in the proportion that each spouse's respective
1 29 net income bears to the total combined net income.
1 30 Nonresidents or part-year residents of Iowa must determine
1 31 their tax credit in the ratio of their Iowa source net income
1 32 to their all source net income. Nonresidents or part-year
1 33 residents who are married and elect to file separate returns
1 34 or to file separately on a combined return form must allocate
1 35 the tax credit between the spouses in the ratio of each
2 1 spouse's Iowa source net income to the combined Iowa source
2 2 net income of the taxpayers.
2 3 5. For purposes of this section:
2 4 a. "Disabled student" means a child requiring special
2 5 education, as defined in section 256B.2, subsection 1.
2 6 b. "New student" means a child who did not attend an
2 7 accredited nonpublic school in Iowa during the previous school
2 8 year.
2 9 c. "Qualified school" means a preschool for disabled
2 10 students in this state or a nonpublic elementary or secondary
2 11 school in this state which is accredited under section 256.11
2 12 and adheres to the provisions of the federal Civil Rights Act
2 13 of 1964 and chapter 216.
2 14 d. "School tuition organization" means a charitable
2 15 organization in this state that is exempt from federal
2 16 taxation under section 501(c)(3) of the Internal Revenue Code
2 17 and that allocates at least ninety percent of its annual
2 18 revenue for educational scholarships or tuition grants to
2 19 children to allow them to attend any qualified school of their
2 20 parents' choice of which one-third of the children who receive
2 21 scholarships or grants are new students. Once a child has

2 22 been deemed a new student that child shall continue to be
2 23 counted as a new student for each school year the child
2 24 receives a scholarship or grant from the organization to
2 25 attend a qualified school. A school tuition organization
2 26 shall only award educational scholarships and tuition grants
2 27 to children who reside in Iowa. In addition, to qualify as a
2 28 school tuition organization, the charitable organization shall
2 29 provide educational scholarships or tuition grants to students
2 30 without limiting availability to only students of one school
2 31 and shall prioritize the providing of such scholarships and
2 32 grants to students from families whose incomes are less than
2 33 two hundred percent of the federal poverty level, as defined
2 34 by the most recently revised income guidelines published by
2 35 the United States department of health and human services.

3 1 6. A school tuition organization that receives a voluntary
3 2 cash contribution pursuant to this subsection shall report to
3 3 the department, in a form prescribed by the department, by
3 4 February 28 of each year all of the following information:

3 5 a. The name, address, and contact name of the school
3 6 tuition organization.

3 7 b. The total number of contributions received during the
3 8 previous calendar year.

3 9 c. The total dollar amount of contributions received
3 10 during the previous calendar year.

3 11 d. The total number of children awarded educational
3 12 scholarships or tuition grants during the previous calendar
3 13 year and the number of these children who are new students,
3 14 who reside in the state, and who are from families with
3 15 incomes of less than two hundred percent of the federal
3 16 poverty level.

3 17 e. The total dollar amount of educational scholarships and
3 18 tuition grants awarded during the previous calendar year.

3 19 f. For each school to which educational scholarships or
3 20 tuition grants were awarded all of the following shall be
3 21 provided:

3 22 (1) The name and address of the school.

3 23 (2) The number of educational scholarships and tuition
3 24 grants awarded during the previous calendar year.

3 25 (3) The total dollar amount of educational scholarships
3 26 and tuition grants awarded during the previous calendar year.

3 27 7. The department shall annually file a report with the
3 28 chairpersons and ranking members of the senate and house
3 29 committees on ways and means detailing a compilation of the
3 30 information received from the reports of all school tuition
3 31 organizations filed pursuant to the requirements of subsection
3 32 6.

3 33 Sec. 2. APPLICABILITY DATE. This Act applies to tax years
3 34 beginning on or after January 1, 2005, but before January 1,
3 35 2013.

4 1 SF 2295

4 2 mg/cc/26